

**CHIEF AUDITOR'S REPORT
November 2008**

Attachment A

SUBJECT	DATE OF ASSIGNMENT	STATUS
1. Biennial Audit Plan	June 2008	In Progress - The Board of Administration approved the Audit Plan for Fiscal Years 2008-09 upon recommendation by the Finance Committee on June 18, 2008. A quarterly status as of September 30, 2008 will be presented at the December Finance Committee meeting.
2. Financial Statement Audit	Ongoing Workload	In Progress - The independent financial statement auditor, Macias Gini & O'Connell, has concluded their fieldwork for auditing CalPERS' financial statements. Draft financial statements are included for presentation to the Finance Committee as Item #4 of November Finance Committee meeting Agenda.
3. New Standards for the Professional Practice of Internal Auditing Released	Ongoing Workload	The <i>Standards</i> provide guidance for the performance of internal auditing. They are the results of careful study, consultation, and deliberation about the basic principles of quality internal auditing. The <i>Standards</i> are a mandatory component of The IIA's International Professional Practices Framework, which will become effective January 2009.
4. PCAOB proposes seven standards on assessing and responding to risk and materiality.	Ongoing Workload	<p>The U.S. Public Company Accounting Oversight Board (PCAOB) has proposed seven new audit standards regarding an external auditor's assessment of and responses to risk and materiality. These standards cover various audit stages, from planning to evaluation of results.</p> <p>The proposed standards are:</p> <ul style="list-style-type: none"> • Audit Risk in an Audit of Financial Statements • Audit Planning and Supervision • Identifying and Assessing Risks of Material Misstatement • The Auditor's Responses to the Risks of Material Misstatement • Evaluating Audit Results • Consideration of Materiality in Planning and Performing an Audit • Audit Evidence